

STATE OF WASHINGTON



**OFFICE OF
INSURANCE COMMISSIONER**

**BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF WASHINGTON**

☐ The orders posted here are unverified electronic duplicates of the official orders actually entered. To be certain you have the official version of the order as entered, you should request a hard copy of the official version from the Commissioner's Public Disclosure Officer, Steve Carlsberg, 360-586-0691, or by e-mail: stevec@oic.wa.gov.

In the Matter of)	
)	CONSENT AND ORDER
THE AMERICAN ROAD)	TO LEVY FINE
INSURANCE COMPANY)	
)	NO. D 99-98
Authorized Insurer.)	
)	

FINDINGS OF FACT:

1. On October 1, 1997, The American Road Insurance Company ("American Road") revised the rates for its Vehicle Service Coverage Plan Reimbursement Insurance Used Vehicle Limited Warranty Program but did not file that revision with the Office of the Insurance Commissioner ("OTC").
2. The revised rates resulted in an overall increase of 2.7%.
3. From October 1, 1997 to November 30, 1998, The American Road used those increased unfilled rates in 118 contracts it issued.
4. In October, 1998, The American Road revised its rates for the subject product again, submitted them to OTC for "information" but never filed them, contending that the product was not insurance and not subject to OTC regulation.
5. This second revision resulted in an overall decrease of 5% from the previous increased rates.
6. This second revision, submitted to OTC for "information," was disapproved by OTC and withdrawn by The American Road on the same day.
7. From December 1, 1998 to February 26, 1999, The American Road used the disapproved and

withdrawn revised rates in 29 contracts it issued.

8. In March, 1999, The American Road disclosed its use of the unfiled, disapproved and withdrawn revised rates to OTC, and cooperated thereafter in OTC's investigation of this matter and in achieving a resolution.

CONCLUSIONS OF LAW:

1. The American Road's failure to file the October, 1997 rate revision for its Vehicle Service Coverage Plan Reimbursement Insurance Used Vehicle Limited Warranty Program before using it to issue 118 contracts over the space of 14 months, constitutes 118 violations of RCW 48.19.
2. The American Road's use of a second rate revision that had not been filed, had been disapproved by OIC, and withdrawn by The American Road, to issue 29 contracts over the space of 3 months, constitutes 29 violations of RCW 48.19 et seq.

CONSENT TO ORDER

The American Road Insurance Company hereby admits to the foregoing Findings and Conclusions.

The Commissioner has offered a settlement in lieu of suspending or revoking The American Road Insurance Company's certificate of registration.

By agreement of the parties, the OIC will impose a fine of \$65,000 .

This fine must be paid in full within thirty days of the entry of this Order. Pursuant to RCW 48.05.185, failure to pay the fine within the allotted time shall constitute grounds for revocation of the insurer's certificate of registration, and for recovery of the fine in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

EXECUTED and AGREED this 29th day of November, 1999.

THE AMERICAN ROAD INSURANCE COMPANY

Title:_____

Signed:_____

ORDER:

Pursuant to RCW 48.05.185, the Insurance Commissioner hereby imposes a fine of Sixty Five Thousand Dollars, upon The American Road Insurance Company. The fine must be paid in full within thirty days of the date of entry of this order. Failure to pay the fine within the allotted time shall constitute grounds for the revocation of the certification of registration for this company, and recovery of the fine in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

ENTERED AT OLYMPIA, WASHINGTON, this 2nd day of December, 1999.

DEBORAH SENN
Insurance Commissioner

By:_____
Carol Sureau
Enforcement Attorney
Office of the Insurance Commissioner